



## 2019 TAX REPORT FOR [Your Name Here]

### KEY FIGURES

Total Income:	\$333,447	Filing Status:	Married Filing Jointly	Tax Exempt Interest:	\$0
AGI:	\$333,447	Marginal Rate:	22.0%	Qualified/Ordinary Dividends:	\$0 / \$0
Deductions:	\$36,002	Average Rate:	14.5%	ST/LT Capital Gains:	\$0 / \$162,360
Taxable Income:	\$294,721	2020 Safe Harbor:	\$53,198	Carryforward Loss:	\$0
Total Tax:	\$48,361			Total/Taxable Social Security:	\$1,829 / \$1,555

### MARGINAL TAX BRACKET INFORMATION

The marginal tax rate for your *ordinary income* is as follows:

Marginal Rate	Ordinary Income Threshold	
10.0%	\$0 to \$19,400	
12.0%	\$19,400 to \$78,950	
22.0%	\$78,950 to \$168,400	You: \$132,361
24.0%	\$168,400 to \$321,450	
32.0%	\$321,450 to \$408,200	
35.0%	\$408,200 to \$612,350	
37.0%	\$612,350 and above.	

The marginal tax rate for your *capital gains and qualified dividends income* is as follows:

Marginal Rate	Taxable Income Threshold	Qualified Income (\$162,360 Total)
0.0%	\$0	\$0
15.0%	\$78,750	You: \$294,721 \$162,360
20.0%	\$488,850	\$0

The tax return also includes these extra Medicare taxes:

- \$3,171.00 net investment income tax on Form 8960.

### MODIFIED ADJUSTED GROSS INCOME TIERS

Planning Opportunity	Limits	Over/Under?
Net Investment Income Tax	\$250,000	Over
Coverdell ESA	\$190,000 - \$220,000	Over
Roth IRA Contribution	\$193,000 - \$203,000	Over
Lifetime Learning Credit	\$116,000 - \$136,000	Over
Student Loan Interest Deduction	\$140,000 - \$170,000	Over
American Opportunity Credit	\$160,000 - \$180,000	Over
Child Tax Credit	\$400,000 - \$440,000	Under
Qualified Adoption Expenses Credit	\$207,140 - \$247,140	Over
Saver's Credit	\$38,500 - \$64,000	Over
IRA Contribution Deductibility - Covered Spouse	\$103,000 - \$123,000	Over
IRA Contribution Deductibility - Non-Covered Spouse	\$193,000 - \$203,000	Over

### ITEMIZED DEDUCTION SUMMARY

Total Itemized Deductions: \$36,002 vs. Standard Deduction of \$27,000

Deduction	Amount Claimed
Health Care Expenses	\$0
Taxes Paid	\$10,000
Mortgage and Investment Interest Expense	\$11,852
Charity	\$14,150
<b>TOTAL</b>	<b>\$36,002</b>

## MEDICARE PART B/D PREMIUMS FOR 2021

Medicare Parts B and D premiums can be impacted by Modified Adjusted Gross Income\* (MAGI). Amounts below are in addition to the base premiums. Amounts are monthly.

\*MAGI = AGI + Tax-Exempt Interest

MAGI Threshold	Part B Premium Adjustment	Part D Premium Adjustment
\$0 to \$176,000	\$0	\$0
\$176,000 to \$222,000	\$59	\$12
\$222,000 to \$276,000	\$149	\$32
\$276,000 to \$330,000	\$238	\$51
\$330,000 to \$750,000	\$327	\$71
\$750,000 and above.	\$356	\$77

**You:**  
**\$333,447**

## SCHEDULE D - CAPITAL GAINS/LOSSES

The tax return listed the following sources of capital gains/losses:

### SHORT TERM

Description	Amount
Short Term Loss Carryover from 2018	\$0
Short Term Gain/Loss for 2019	\$0
Total Short Term Gain/Loss for 2019	\$0

### LONG TERM

Description	Amount
Long Term Loss Carryover from 2018	\$0
Long Term Gain/Loss for 2019	\$162,360
Total Long Term Gain/Loss for 2019	\$162,360

### TOTAL

Total Gains/Losses for 2019	\$162,360
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## SCHEDULE B INCOME SOURCES

The tax return listed the following income sources on Schedule B:

### Interest

Description	Amount
WELLS FARGO	\$14
FROM K-1	\$10

### Dividends

Description	Amount
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## OBSERVATIONS

\$1,555.00, or 85%, of your total Social Security earnings of \$1,829.00 was taxable as ordinary income. Social Security income is excluded from taxes to varying degrees, based on total income from other sources.

MAGI income (AGI plus tax exempt interest) is high enough to trigger an increase in Medicare Part B and D premiums. Consider strategies (e.g. QCDs, managing capital gains), to lower income to bring medicare surcharges down. Alternatively, if income will definitely go down due to a change in status, a petition can be sent to ask for a reduction.

Income exceeds the threshold for the 3.8% Net Investment Interest Tax (NIIT). Consider strategies to reduce taxable income and be mindful of realized capital gains.

You are in the 22.0% marginal bracket. Depending on your age and income projections, you might consider a Roth conversion.

You can avoid this penalty by paying at least the "safe harbor" amount based on your previous year's tax return through withholding or estimated tax payments. Consider discussing this with a tax professional.

The safe harbor for underpayment penalties is your total tax x 110%, or \$53,198.00. Note that the timing of your payments is also important with respect to avoiding penalties. Withholding from a paycheck or retirement account distributions are considered to have happened throughout the year, but estimated tax payments should be timed to correspond with the timing of the income earned. A tax professional should be able to help in cases where income is uneven throughout the year.

Your Modified Adjusted Gross Income (MAGI) suggests you are not eligible to contribute directly to a Roth IRA. You do have eligible compensation though, so you might discuss the feasibility of the "Backdoor Roth" strategy.

Your tax return suggests you may have business income. Depending on your circumstances, you may be able to implement a retirement plan for the business to defer taxes.

You deducted mortgage interest this year on your tax return. Given the high standard deduction, itemized deductions on mortgage interest are less valuable.

You had charitable contribution in excess of \$10,000.00 this year. If you plan to do donations of similar size in future years, you may consider grouping them into alternative tax years to maximize your deductions. A "Donor Advised Fund" can facilitate this strategy.

Your tax return does not list any HSA contributions. If you are eligible to contribute to an HSA, you will get a tax deduction, regardless of whether you itemize or take the standard deduction.

You owed additional taxes beyond any withholding or estimated tax payments. If this was due to a one-time event, you may not need to take any action. If not, consider adjusting your withholding to avoid any surprise lump sum payments due at tax time.

You were unable to deduct \$24,875.00 of state and local taxes due to the \$10,000.00 maximum cap created by the Tax Cuts and Jobs Act.

### *Disclaimer*

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- NIIT, Saver's Credit MAGI = AGI (Foreign income exclusion not included)
- Coverdell, Lifetime Learning, American Opportunity, Child Tax Credit MAGI = AGI (Form 2555 foreign income not included.)
- Roth MAGI = AGI - Roth Conversions + IRA Deduction + Student Loan Interest Deduction + Tuition Deduction (Form 2555 foreign income not included.)
- Student Loan Deduction and Adoption Credit MAGI = AGI + Student Loan Interest Deduction
- IRA Deduction MAGI = AGI + Student Loan Interest Deduction + Tuition and Fees Deduction + Schedule B Line 3 Interest (Foreign income and employer-provided adoption benefits not included.)